

Pharmacy lobby needs competitive medicine

Prescriptions could be cheaper, writes **Lisa Tait**.

THE Fourth Community Pharmacy agreement expires next year and already the pharmacy lobby is making plans to ensure its anti-competition agenda gets across the line.

So why should we care? Essentially the absence of competition means we all pay more for prescriptions.

An example of this happened last week when I was charged \$48 at a chemist in a shopping centre for a prescription which normally costs \$42 at a pharmacy in New Lambton.

Pricing is a touchy issue with pharmacists and I experienced this first-hand in Sydney when I asked why baby formula was \$4 more expensive in a chemist than the same product at the supermarket.

The response was: "Go down the road and shop at Woolworths then if you don't like it."

A little-known fact is that pharmacists are funded by the taxpayer to give you advice on drugs.

The Government allows additional fees on top of PBS (Pharmaceutical Benefit Scheme) prices for a range of medicines.

When I worked for the consumer advocacy group CHOICE we sprang pharmacists for the default settings in the pricing component of their software (WiniFRED).

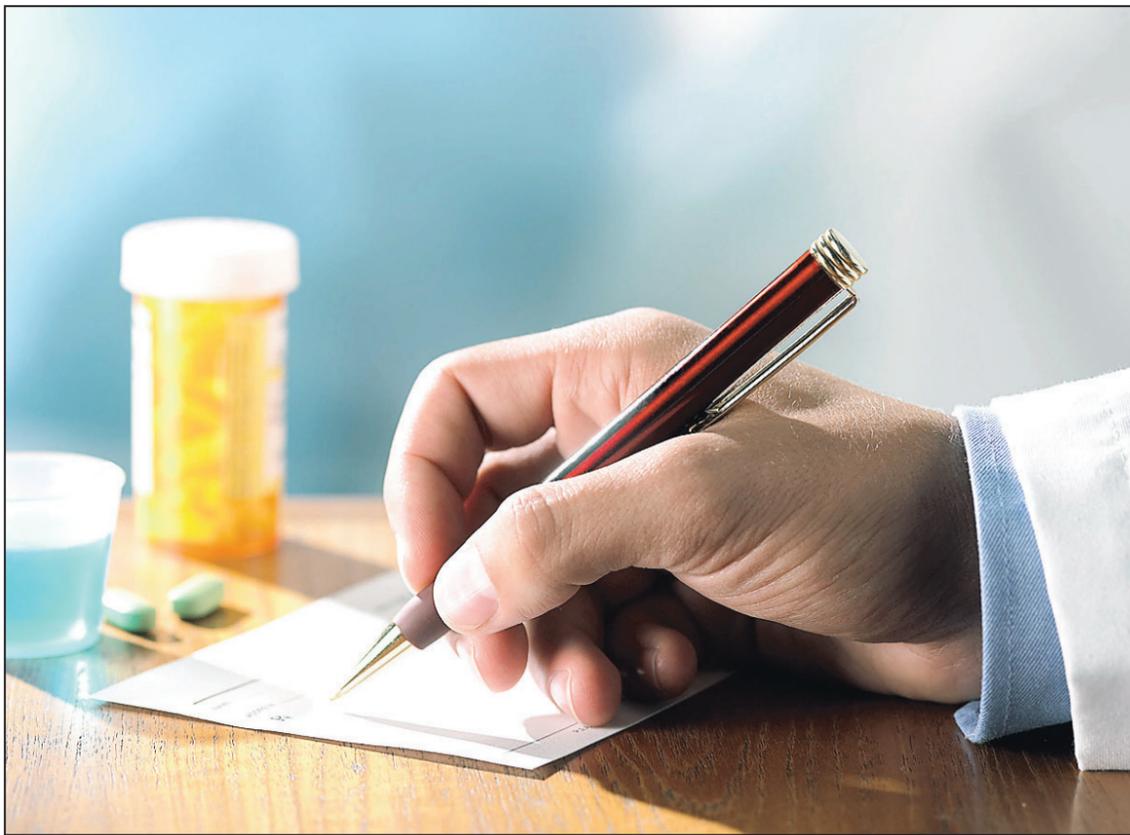
These settings were amended for private (non-PBS) prescriptions. The default mark-up of 75 per cent was changed to 0 per cent and the dispensing fee to \$0.

The Pharmacy Guild of Australia is the profession's peak lobby group and it is an enthusiastic lobbyist of government, having piled more than \$200,000 into the coffers of the nation's political parties at the last election.

The origin of the pharmacy lobby's stranglehold on competition in Australia began in the 1930s when the UK pharmacy giant, Boots, tried to enter the Australian market.

The creation of pharmacy location legislation, which deems that only a pharmacist can own a pharmacy, followed and is, according to Crikey's Bernard Keane, "one of the great anti-competitive rorts of the Australian economy".

In the words of the free market



EVERYTHING TO SCRIPT: Check the price of your medication through an Australian internet pharmacy.

evangelist Gary Banks, pharmacists saw the moves by Boots as a "threat to their interests".

Pharmacists did what they do best – they engaged with their customers, asked them to sign petitions and to lobby their local member of parliament. They stopped Boots in their tracks.

The pharmacy guild is sufficiently professional to realise the interplay of policy agendas and political expedience. Or, as eminent Australian policy academic Glyn Davis says: "Policies are guided by electoral concerns, not rational solutions."

Lobbying is the hidden and often ugly side of politics that we don't hear much about, unless the secret society ruptures through a scandal.

The impact of lobbying on policy agendas has been observed by the former West Australian premier Carmen Lawrence. She observed: "They (lobbyists) wine and dine MPs and provide them with 'corporate

hospitality' as part of carefully crafted lobbying built on personal contact and 'information campaigns'."

She added that this might evoke the "not unreasonable suspicion that this hospitality and the large campaign donations made by some players may help open doors".

The pharmacists' lobbying effort results in some envious glances from The Australian Medical Association.

Former president David Brand said: "They (the pharmacists) turn up to every political party fundraiser and state conference and spend large amounts sponsoring functions at the party's national conferences. They find every political back door they can and stick a foot in it. They are so close to government and opposition that a politician cannot turn round without bumping into one."

At the end of the day, we all pay for the cosy relationship between government and pharmacy.

A 2006 CHOICE survey found price differences of up to almost 300 per cent for Panadeine Forte between pharmacies.

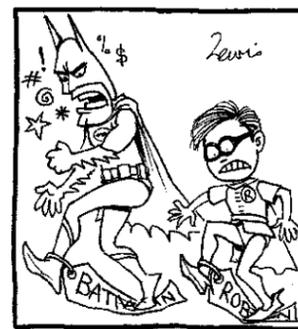
There was also a 100 per cent price difference between the cheapest and the most expensive price charged for Amoxil.

The best advice for those watching their pennies is to check the price of your medication through an Australian internet pharmacy and ask your pharmacist to match the quote. And when it comes to basics, such as paracetamol, Ibuprofen and Band-Aids, you will get a better deal on the same product at your local supermarket.

It's a pity our politicians have not given voters a better deal through the Community Pharmacy Agreement.

Lisa Tait is a masters student at Deakin University. She has worked for CHOICE and the Australian Medical Association.

Topics today



Today's fact

Identification tags on bats and birds reduce their ability to catch prey.

Today's word

Doppelganger (dop-uhl-gang-er): A ghostly double or counterpart of a living person.

It happened today

From our files – 1914: The 54th annual exhibition of the Hunter River Agricultural and Horticultural Association opened at the Maitland Show to record crowds.

Today in history

1014: High King of Ireland Brian Boru is killed repelling Viking invaders at the battle of Clontarf.
1533: Catholic Church inquiry declares marriage of Catherine of Aragon to England's King Henry VIII void.
1788: NSW governor Arthur Phillip selects site of Parramatta.
1873: William Gosse sights Ayers Rock (Uluru), naming it after the South Australian premier.
1896: The Vitascope system for projecting movies onto a screen is demonstrated in New York City by Thomas Edison.
1969: Sirhan Sirhan is sentenced to death for the assassination of US senator Robert Kennedy, a sentence later reduced to life imprisonment.
1975: South Vietnam's cabinet resigns as panic grips Saigon and US president Gerald Ford declares the Vietnam War is over.
1990: Major flooding hits Nynghan, NSW.

Born today

William Shakespeare, pictured, English poet-playwright (1564-1616); **William Turner**, English painter (1775-1851); **Shirley Temple Black**, US diplomat and movie star (1928-); **Lee Majors**, US actor (1939-); **Sandra Dee**, US actress (1942-2005); **Judy Davis**, Australian actress (1956-).



Odd Spot

Tokyo had Godzilla and now the nearby port of Yokohama boasts its own sci-fi monsters – a pair of giant metallic spiders. Weighing in at 38 tonnes each, the 12-metre tall creatures are crawling through the city steered by humans perched high on their heads as part of celebrations marking the 150th anniversary of the port's re-opening to the world in 1859.

Today's text

For God has not given us a spirit of fear, but of power and of love and of sound mind.
 2 Timothy 1:7

Oh, joy, the rest of the year is in our pockets

But the government's hand is there, too, writes **Oliver Marc Hartwich**.

HAPPY Tax Freedom Day!

A tax is "a compulsory exaction of money by a public authority for public purposes, enforceable by law, and is not a payment for services rendered".

At least that is the way the High Court defined it way back in 1938. To put it simply: a tax is something you must pay to the government; what you get in return is another matter.

In all other areas of life, when we pay someone we would like to see what it is for.

With taxes, it is not that easy. Your hard-earned money that goes to the government may be used to pay firefighters in the country or fix potholes in your street.

It may fund the Government's broadband network or morph into your neighbour's \$900 cash bonus.

Even more strangely, your money could well return to you as your own cash bonus (minus the costs of administering this redistribution).

With so little control over the use of our money, it is little wonder that nobody likes paying taxes.

That's the reason governments have become very good at concealing them.

Imagine if you physically had to write a "tax cheque" to the treasurer every time you refilled your car, did your shopping, or received your salary. No doubt it would keep reminding you just how much money you pay the state.

But because we don't write such cheques, most of us are blissfully unaware how much of our money goes to the government.

Last year, the average Australian

paid a total of \$16,401 to the tax authorities – the equivalent of a small car.

It is also quite a lot compared to the average income – 30.8 per cent to be precise. It means that average taxpayers need to work the first 112 days of the year just to pay taxes to the government.

Only on April 23 do they actually start earning money for themselves to spend and save as they please.

If things seem bad, there may be some consolation in the fact that Australia is by no means that most taxing country.

In other places, people have to work even longer for their governments: the Belgians celebrate theirs on June 10, the Germans on July 8, and the French still another week later on July 16.

One of the reasons for the Europeans' late tax freedom days is, obviously, that their governments

spend more than ours. But another reason is that they have been doing so for decades and are now burdened with large public debts.

In Germany, for example, 15 per cent of the federal budget is just paid on interest for yesteryear's debt. No wonder they need to collect much higher taxes.

Yet there is no need for Australians to feel smug. Our Federal Government has increased spending financed on high deficits.

So today, celebrate your Tax Freedom Day for 2009. You will be free from the taxman for the rest of the year. But enjoy it while you can: The Government is working hard to push your Tax Freedom Day well into May next year.

Dr Oliver Marc Hartwich is a research fellow at the Centre for Independent Studies.